

# SENATE BILL REPORT

## SB 5896

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As of April 16, 2009

**Title:** An act relating to establishing the Washington innovation grant authority.

**Brief Description:** Establishing the Washington innovation grant authority.

**Sponsors:** Senators Pflug, Kastama, Zarelli, Delvin and Shin.

**Brief History:**

**Committee Activity:** Economic Development, Trade & Innovation: 2/12/09.

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

**Staff:** Philip Brady (786-7460)

**Background:** While there is significant amount of both public and private funding available for initial research and development and post-commercialization development, there is a significant funding gap regarding the commercialization process itself. This “valley of death” prevents some technologies from reaching market and slows others in their path to commercial viability.

The Life Sciences Discovery Fund Authority (LSDFA) was created in 2005 to make grants to entities pursuant to contract for the promotion of life sciences research to be conducted within the state. The LSDFA must solicit requests for funding and evaluate the requests using statutory criteria. It was initially funded by private sources, but now receives funds from the Tobacco Master Settlement strategic construction payments. It provides initial development funding through a competitive process, and serves as a catalyst for research in the life sciences. Due to budgetary limitations, LSDFA cannot provide funding for all stages of product development and commercialization for all products.

**Summary of Bill:** The Washington Innovation Grant Authority (the authority) is created as an instrumentality of the state to provide grants to persons who have previously received LSDFA or other technology development grants. These grants can be awarded for proof-of-concept, commercialization, and other activities necessary to continue advancement of previous grants. The authority consists of nine members: one member of each caucus in the House appointed by the Speaker of the House; one member of each caucus in the Senate, appointed by the President of the Senate; and five public members appointed by the Governor. The authority is authorized to participate in federal and other governmental

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programs, and is authorized to create the Washington Innovation Grant Authority Account (account) to receive any funds directed to the authority.

A credit is allowed against business and occupation taxes in an amount equal to contributions made to the account, and may be carried over and used in subsequent periods. No refunds will be issued.

**Appropriation:** None.

**Fiscal Note:** Available.

[OFM requested ten-year cost projection pursuant to I-960.]

**Committee/Commission/Task Force Created:** Yes.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: Innovation and the commercialization of innovation are important to Washington. The struggling economy particularly burdens proof-of-concept and other, pre-angel stage projects. The "valley of death" and its lack of capital is one of Washington's biggest issues. This program would provide relatively small dilution-free grants that would allow companies to bridge the "valley of death," but can also extend beyond products to manufacturing processes, nanophotonics, etc.

**Persons Testifying:** PRO: Senator Pflug, prime sponsor; Vicki Austin, Washington Biotechnology and Biomedical Association.